



State of California

# CALIFORNIA EMPLOYER

Third Quarter 2002

## California legislation conforms to federal law changes

In May 2002, state legislation was enacted to conform California income tax law on retirement and pension plans with the provisions of the



federal Economic Growth and Tax Relief Reconciliation Act of 2001 (Public Law 107-16), retroactive to January 1, 2002.

As reported in the fourth quarter 2001 issue of this newsletter, Public Law 107-16 made changes to the Internal Revenue Code (IRC) for certain types of payments to employees, including retirement and pension plans. The article noted that California law did not conform to the federal income tax treatment, and therefore these payment types were

subject to California Personal Income Tax (PIT) withholding and were reportable for PIT wages.

Based on this new state legislation (Senate Bill 657 and Assembly Bill 1122), which is retroactive to January 1, 2002, California now conforms to the federal income tax treatment for the following:

- Employer-provided qualified retirement planning services under IRC Section 132.
- Qualified tuition programs under IRC Section 529.
- The contribution limit increases and catch-up contributions to IRC Sections 401(k), 403(b), 408(k) SEP, and 408(p) SIMPLE retirement and pension plans and 457 deferred compensation plans.

However, California still does **not** conform to the federal changes made by Public Law 107-16 for the following type of payments, which remain subject to California PIT withholding and are reportable for PIT wages:

- Employer-provided adoption assistance programs under IRC Section 137.
- Payments to certain qualified scholarship programs under IRC Section 117.

If you have previously reported amounts that are now exempt and need assistance correcting your prior forms, please call us at 1-888-745-3886. If you have questions on how these federal changes may affect your California payroll tax requirements, call our Audit Section at (916) 464-2500.

## Watch the mail for your annual statement of charges

An annual *Statement of Charges to Reserve Account* (DE 428T) will be mailed to you in October 2002. This statement is an itemized list of all Unemployment Insurance (UI) benefits paid to your former employees during the previous fiscal year (July 1, 2001 through June 30, 2002).

It is important that you review your statement because your UI rate may

increase based on the charges to your reserve account\*. If you do not agree with a charge, you have 60 days from the DE 428T "mail date" noted on the top right to file a written protest. (An additional 60 days may be granted with good cause.)



For further information, please refer to the *Explanation and Instructions* (DE 428C)

included with the DE 428T, or call our Contribution Rate Group at (916) 653-7795. (The DE 428C also can be downloaded from our Web site at [www.edd.ca.gov/taxform.htm#publications](http://www.edd.ca.gov/taxform.htm#publications).)

\* Note: Your reserve account is only a record of credits and charges used to determine your UI tax rate; it is not a physical bank account.

## Deposit threshold increases for 2003

The California Personal Income Tax (PIT) deposit threshold will increase to \$500 for 2003. Starting January 1, 2003, employers who meet federal deposit requirements **and** the California PIT threshold of \$500 must remit **both** State Disability Insurance and PIT withholdings to EDD on the *Payroll Tax Deposit* (DE 88) coupon.

Generally, your California deposits are due at the same time as your federal deposits. For employers who deposit quarterly, the 2003 PIT threshold remains at \$350.

For further information, please visit our Web site at [www.edd.ca.gov/taxpay.htm](http://www.edd.ca.gov/taxpay.htm) or contact us at 1-888-745-3886.

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## 50+ employees? Parking cash-out law may apply to your business —

To encourage employees to take public transportation, bike, walk, or carpool to work, California law requires certain employers who pay for all or part of their employees' parking to offer them cash in lieu of a parking space.



The intent of the "parking cash-out" law is to reduce congestion and pollution by

offering employees the option of "cashing out" their subsidized parking space.

You may need to provide your employees the option of cash in lieu of parking if you:

- Employ at least 50 people;
- Subsidize parking that you do not own;
- Can calculate the out-of-pocket expense of the parking subsidies; **and**

- Can reduce the number of parking spaces without penalty in any lease agreements.

For more information or for a copy of the Air Resources Board's *California's Parking Cash-Out Law: An Informational Guide for Employers*, please visit their Web site at [www.arb.ca.gov/planning/tsaq/cashout/cashout.htm](http://www.arb.ca.gov/planning/tsaq/cashout/cashout.htm), or call (916) 327-2980.

## Governor's awards honor outstanding senior workers and employers —

The EDD's 2002 Governor's Senior Worker and Exemplary Employer Awards Luncheon was held in Sacramento on May 7. These prestigious awards honor exceptional senior employees and employers who consistently demonstrate concern for senior workers.

Award winning employers were:

**Small Non-Profit Agency:** Food Bank Coalition of San Luis Obispo County;

**Large Non-Profit Agency:** Senior CareAction Network; **Large Business:** SQA Services, Inc.; **Small Business:** Barras Homes, Inc.

Award winning employees were:

**Private Non-Profit Business:** Delores Smith of Life Steps Foundation; **Public Sector Agency:** Linda Kleiger of Anderson School at UCLA; **Private for Profit Business:** Louise Laing of CalStaff.

Doctor David Smith received a **Lifetime Achievement Award**, and the Society for Human Resources Management received the **Governor's Media Award**.

You may request a nomination form for the 2003 Awards by calling the Senior Worker Advocate Office at (916) 654-6502, or download a copy on the Internet at: [www.edd.ca.gov/swaoind.htm](http://www.edd.ca.gov/swaoind.htm).

## Get expert assistance at a Small Business Fair

We invite you to attend an upcoming informative Small Business Fair offering workshops on federal, state, and local tax and business requirements.

For details, visit the State Board of Equalization Web site at [www.boe.ca.gov/sutax/tpsched.htm](http://www.boe.ca.gov/sutax/tpsched.htm).

All fairs are free, but reservations are recommended if you plan to attend the workshops.

### Upcoming Small Business Fairs

#### ■ Monterey Bay

Embassy Suites Hotel, Seaside  
September 23, 8:30 a.m. – 2 p.m.  
Call: (408) 277-8240  
E-mail: [monterey@boe.ca.gov](mailto:monterey@boe.ca.gov)



#### ■ San Diego (Small Bus. Tax Day)

Point Loma Nazarene University  
October 18, 8:30 a.m. – 4 p.m.  
Call: (760) 744-6284  
E-mail: [sdtaxday@boe.ca.gov](mailto:sdtaxday@boe.ca.gov)

#### ■ Orange County (Small Bus. Tax Day)

CSU, Fullerton  
September 27, 8:30 a.m. – 3:30 p.m.  
Call: (949) 461-5732  
E-mail: [octaxday@boe.ca.gov](mailto:octaxday@boe.ca.gov)

#### ■ Van Nuys

Airtel Plaza Hotel  
October 23, 8:30 a.m. – 3 p.m.  
Call: (818) 901-5690  
E-mail: [vntaxday@boe.ca.gov](mailto:vntaxday@boe.ca.gov)

## Business network offers assistance with disabilities in the workplace —

You can take advantage of exciting new resources available through the California Business Leadership Network (CABL N), a network of companies working together to increase employment opportunities for people with disabilities.



The CABLN is an employer-driven association supported by EDD through the California Governor's Committee for

Employment of Disabled Persons. Its mission is to engage the active participation of the business community to enable qualified individuals with disabilities to obtain work and succeed in the workplace.

The CABLN recruits companies to adopt proactive strategies to employ people with disabilities, identifies and promotes "best practices" in the employment of people with disabilities, and provides members with information and technical

support. More than 30 states are active in CABLN, an extension of the nationwide Business Leadership Network coordinated by the federal Office of Disability Employment Policy.

Membership in CABLN is free and includes access to news, events, and valuable resources on their Web site, as well as opportunities to attend educational forums. For more information, call (831) 457-2709, visit [www.cabln.org](http://www.cabln.org) on the Web, or e-mail [info@cabln.org](mailto:info@cabln.org).

## Posting requirements for California employers

State and federal regulations require employers to display various posters and notices to inform their employees of certain laws and regulations pertaining to employment and working conditions.

Unless otherwise noted, all employers are required to display the posters and notices listed below.



However, because specific requirements vary, this list may not include all of the posters and notices that you are required to display.

Title of Poster/Notice	Reference	Contact
<b>Notice to Employees: Unemployment Insur. &amp; Disability Insur. Benefits</b> (In English, Spanish, Chinese, or Vietnamese)	DE 1857A (Unemployment Insurance only - DE 1857D)	EDD at <a href="http://www.edd.ca.gov/dipub.htm#publications">www.edd.ca.gov/dipub.htm#publications</a> , or call 1-888-745-3886
<b>Pay Day Notice</b> (Includes day, time, and place of regular pay date)	DLSE-8 CA Labor Code, §207	CA Dept. of Industrial Relations (DIR) at <a href="http://www.dir.ca.gov/dosh/dosh_publications/cal_post.html">www.dir.ca.gov/dosh/dosh_publications/cal_post.html</a> , or call (415) 703-5070
<b>Safety and Health Protection on the Job</b> (In English or Spanish)	General Industry Safety Orders Title 8, §340	CA DIR (see above)
<b>Emergency Phone Numbers</b>	Notice: S-500 Title 8 Calif. Code of Regulations (CCR) 1512 (e)	CA DIR (see above)
<b>Industrial Welfare Commission (IWC) Minimum Wage Order (State)</b>	Order MW-2000	CA DIR at <a href="http://www.dir.ca.gov/DLSE/dlse.html">www.dir.ca.gov/DLSE/dlse.html</a> , or call (415) 703-5070
<b>IWC Wage Order</b> (IWC orders are separately numbered according to industry or occupation group)	Labor Code §1183	CA DIR at <a href="http://www.dir.ca.gov/iwc/wageorderindustries.htm">www.dir.ca.gov/iwc/wageorderindustries.htm</a> , or call (415) 703-5070
<b>Notice of Workers' Compensation Carrier</b>	Labor Code §3550	Your Workers' Compensation insurance carrier
<b>Notice to Employees: Time Off to Vote</b> (Must be posted for 10 days preceding a statewide election.)	Elections Code §14001 (In English or Spanish.)	CA Secretary of State's Office, Election Division, at <a href="http://www.ss.ca.gov/elections/elections_tov.htm">www.ss.ca.gov/elections/elections_tov.htm</a> , or call (916) 657-2166
<b>Harassment or Discrimination in Employment is Prohibited by Law</b> (In English or Spanish.)	Poster: DFEH-162 (English) DFEH-162s (Spanish) Govt. Code §12950(a)	CA Dept. of Fair Employment and Housing (DFEH) Commission at 1-800-884-1684 (or 916-227-0551 if calling from outside CA)
<b>Pregnancy Disability Leave</b> (Required if you have 5 to 49 employees.)	DFEH-100-20, Govt. Code §12945 (In English or Spanish)	CA DFEH Commission (see above)
<b>Family Care/Medical/Leave/Pregnancy Disability</b> (Employers and public agencies with 50 or more employees.)	DFEH-100-21 Govt. Code §12945.2 (In English or Spanish)	CA DFEH Commission (see above)
<b>Equal Employment Opportunity (EEO) Act (EEO is the Law)</b> (Includes ADA poster.)	P/E-1 (In English or Spanish)	U.S. Dept. of Labor (DOL) at <a href="http://www.dol.gov/osbp/sbrefa/poster/main.htm">www.dol.gov/osbp/sbrefa/poster/main.htm</a> or contact the EEO Commission at 1-800-669-3362
<b>Fair Labor Standards Act Minimum Wage Poster</b> (Federal)	WH 1088 (In English or Spanish)	U.S. DOL at <a href="http://www.dol.gov/osbp/sbrefa/poster/main.htm">www.dol.gov/osbp/sbrefa/poster/main.htm</a> , or call 1-866-4US-WAGE (or 1-866-487-9243)
<b>Family and Medical Leave Act (Federal)</b> (Employers with 50 or more employees)	WH 1420 (In English or Spanish)	U.S. DOL (see above)
<b>Employee Polygraph Protection Act</b>	WH 1462 (In English or Spanish)	U.S. DOL (see above)
<b>Notice to Employees*</b> (That their employer is required to send <i>Employee's Withholding Allowance Certificate</i> , Form W-4, to IRS if it meets certain conditions.)	DE 35	EDD at <a href="http://www.edd.ca.gov/taxform.htm#publications">www.edd.ca.gov/taxform.htm#publications</a> , or call 1-888-745-3886
<b>For Your Benefit*</b> (For new and laid off/terminated employees.)	DE 2320 (In English, Spanish, Chinese, or Vietnamese)	EDD at <a href="http://www.edd.ca.gov/uiipub.htm">www.edd.ca.gov/uiipub.htm</a> , or call 1-888-745-3886
<b>State Disability Insurance Provisions*</b> (For employees who are new, ill, injured, or hospitalized due to nonwork-related causes.)	DE 2515 (In English or Spanish)	EDD at <a href="http://www.edd.ca.gov/dipub.htm#publications">www.edd.ca.gov/dipub.htm#publications</a> , or call 1-888-745-3886

\* You are required to provide this pamphlet/notice to your employees, but are not required to post.

## Small business owner? Check out these helpful Web sites

In addition to our Web site, located at [www.edd.ca.gov](http://www.edd.ca.gov), there are many other useful Internet sites for small business owners and individuals who are thinking about going into business.



Some of these sites also offer electronic subscription services that allow you to sign up to receive e-mail updates or newsletters. Following is a list of Web sites that may be especially helpful to you:

■ **[www.taxes.ca.gov](http://www.taxes.ca.gov)**

California Tax Information Center, sponsored by EDD, BOE, FTB, and IRS, provides federal and California tax information for businesses and individuals; tax calendar; and Small Business Assistance Center with links to other small business sites.

■ **[www.calmis.ca.gov](http://www.calmis.ca.gov)**

EDD's Labor Market Information Division provides state and national labor market information and economic conditions (such as hours and wages by industry or geographic area), population, labor force, and unemployment data.

■ **[www.calgold.ca.gov](http://www.calgold.ca.gov)**

Sponsored by the California Environmental Protection Agency. Information on tax and permit requirements at all levels of government.

■ **[www.sba.gov](http://www.sba.gov)**

Business resources from the Small Business Administration (SBA).

■ **[www.business.gov](http://www.business.gov)**

Sponsored by the SBA, U.S. Business Advisor provides one-stop access to federal information and services.

■ **[www.onlinewbc.gov](http://www.onlinewbc.gov)**

SBA's Online Women's Business Center.

■ **[www.businesslaw.gov](http://www.businesslaw.gov)**

Federal, state, and local information for small businesses, including legal and regulatory information. Topics range from the most basic to highly specialized issues.

■ **[www.dol.gov/elaws](http://www.dol.gov/elaws)**

Employment law information and assistance.

■ **[www.score.org](http://www.score.org)**

Service Corps of Retired Executives provides small business mentoring and advice.

■ **[www.leginfo.ca.gov](http://www.leginfo.ca.gov)**

California legislative information, such as status of bills and access to California law, constitution, and statutes.

## Watch your energy savings grow with small changes

California's energy challenge has made us all more aware of how to best use electricity.



In conjunction with utility companies, generators, and consumer groups, the

Governor and the California Legislature continue working on meeting the state's power needs.

The State of California continues to follow its plan to reduce consumption by a minimum of 10 percent. You also play an important role in the statewide efforts to reduce electricity demand and lower energy bills. You can flex your power and improve your bottom line with even small changes, such as:

- Set thermostats at 78 degrees or higher if cooling, 68 degrees or lower if heating.

- Install programmable thermostats to avoid unnecessary heating and cooling costs.
- Replace incandescent light bulbs with Energy Star® compact fluorescent light bulbs.

## Moving, selling, or closing your business?

If you have a change in business status—such as a change of address or business name, a business incorporation, or a new partner—you must report the change to EDD.

To report a change, complete a *Notification of Change of Address, Business Ownership, or Discontinuance of Business* (DE 24) and send it to:



EDD

Account Services Group, MIC 28  
P.O. Box 826880  
Sacramento, CA 94280  
Fax: (916) 654-9211

If you close or sell your business or no longer have employees, and you will not be reporting wages in the future, you must send EDD three final forms:

- *Payroll Tax Deposit* (DE 88) coupon (with payment);
- *Quarterly Wage and Withholding Report* (DE 6) – (check Box D “Out of Business/Final Report” and include the date); and
- *Annual Reconciliation Statement* (DE 7) – (check Box B “Out of Business” and include the date).

For forms or more information, please visit our Web site at [www.edd.ca.gov/taxcyb.htm](http://www.edd.ca.gov/taxcyb.htm), or call us at 1-888-745-3886.

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